

DEPARTMENT OF STATE REVENUE
LETTER OF FINDINGS NUMBER 96-0071 ST

USE TAX
For Years 1992, 1993, AND 1994

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ISSUES

Use Tax – Taxability of Printed Material

Authority: IC 6-2.5-2-1; *Miles, Inc. v. Indiana Department of State Revenue*, 659 NE2d 1158, (Ind. Tax).

The taxpayer protested the taxation of printed material.

STATEMENT OF FACTS

The taxpayer is an Indiana corporation engaged in manufacturing and marketing its products. In an attempt to sell its products, the taxpayer contracts with private printers in the state of Indiana to manufacture various printed materials including, but not limited to business cards letterhead, labels, note pads work order documents envelopes mailing labels, response cards, brochures, VIP golf brochures, and scratch pads.

DISCUSSION

Use Tax – Taxability of Printed Material

The taxpayer protested the assessment of use tax printed materials purchased from an Indiana printer, delivered to the taxpayer's Indiana location and later shipped out of state.

The taxpayer contracted for printing services from an Indiana printer. The printer shipped the printed materials to the taxpayer in Indiana. The taxpayer stated that ninety-five percent (95%) of the printed material is shipped out of state, and only five percent (5%) remains in state. Therefore, the taxpayer alleges that use tax is due only on the five percent (5%) that remains in state.

Under *Miles, Inc. v. Indiana Department of State Revenue*, 659 NE2d 1158 (Ind. Tax), printed materials are exempt from use tax when purchased by an Indiana purchaser, from an Indiana printer and later shipped out of state. for use solely outside Indiana.

FINDINGS

The taxpayer's protest is partially sustained. To the extent the printed materials are subsequently used solely outside Indiana they are exempt from Use Tax.